

# CITY OF ELK GROVE

## SALES TAX UPDATE

### 4Q 2022 (OCTOBER - DECEMBER)



#### ELK GROVE

TOTAL: \$ 9,838,854

2.9%  
4Q2022



2.9%  
COUNTY

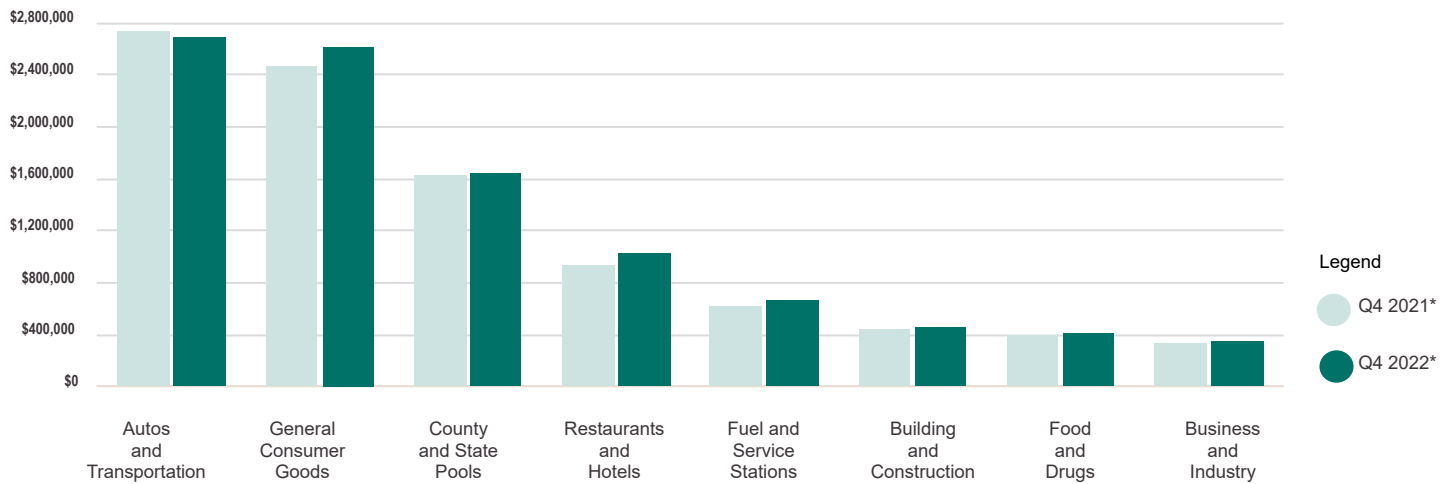


4.7%  
STATE



\*Allocation aberrations have been adjusted to reflect sales activity

#### SALES TAX BY MAJOR BUSINESS GROUP



#### CITY OF ELK GROVE HIGHLIGHTS

Elk Grove's receipts from October through December were 7.6% above the fourth sales period in 2021. Excluding reporting aberrations, actual sales were up 2.9%.

Consumers embraced the holiday shopping season visiting local retailers with both electronics/appliances and specialty stores winning big, aided by a recently opened business. Although, inflationary pressures reared up as sales slumped for home furnishings and family apparel.

Patrons sought out dining experiences and continued to frequent local quick service restaurants. Recent reports indicate some slowdown may be coming in the form of fewer restaurant visits or selecting more affordable menu options to save money.

Weaker sales from new car dealers as industry reports indicate supply remain lowers, along with elevated pricing. Shoppers seeking out vehicles must also deal with the impacts of higher monthly payments due to rising interest rates from the Fed's actions. Congestion on the highways from freight transport and pent-up demand for leisure travel bolstered the service station receipts. Both the building and business-industry groups posted positive gains.

Net of aberrations, taxable sales for all of Sacramento County grew 2.9% over the comparable time period; the Sacramento region was up 1.8%.



#### TOP 25 PRODUCERS

- Apple
- Bel Air Market
- Best Buy
- Chevron
- Costco
- EG Dodge/Jeep/Chry/Audi/VW/Subaru
- Elk Grove Buick GMC
- Elk Grove Chrysler Dodge Jeep Ram
- Elk Grove Ford
- Elk Grove Honda
- Elk Grove Hyundai
- Elk Grove Kia
- Elk Grove Toyota
- Enterprise Rent A Car
- Grantline Arco
- Home Depot
- Kohls
- Maita Chevrolet
- Niello BMW
- Nissan/Mazda of Elk Grove
- Ross
- Shell Gas Station
- Slakey Brothers
- Target
- Walmart



**STATEWIDE RESULTS**

California’s local one cent sales and use tax receipts for sales during the months of October through December were 4.7% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, experienced solid results which lifted revenue to local agencies across the State.

Overall, general consumer goods growth was up a meager 1.8%, in large part from merchants also selling gas as prices remained elevated over last year. Otherwise, many brick and mortar retailers experienced mixed results as the phenomenal prior year activity made for an extremely difficult comparison. This was especially true for jewelry stores receipts which had soared tremendously after the pandemic as consumers diversified readily available cash into other assets.

Commuters and seasonal travelers were again burdened with gas prices above \$5 per gallon in most of the State, leaving fuel-service stations 10% higher than a year ago. However, this trend did not distract from spending at local restaurants and hotels. Increased menu prices and return-to-office workplaces enhanced gains, with the Bay Area experiencing it’s greatest amount of post-pandemic rebound.

Although inventory shortages negatively impacted unit sales and leasing activity throughout 2022, year-end returns by new car dealers, especially high-end luxury and electronic/hybrid brands, sustained auto-transportation sector gains. In contrast, rising interest rates and higher gas prices pulled trailer-RV revenues lower. Steady housing demand and pend up construction projects delayed by supply chain interruptions have contractors contributing the majority of growth within the building-construction sector.

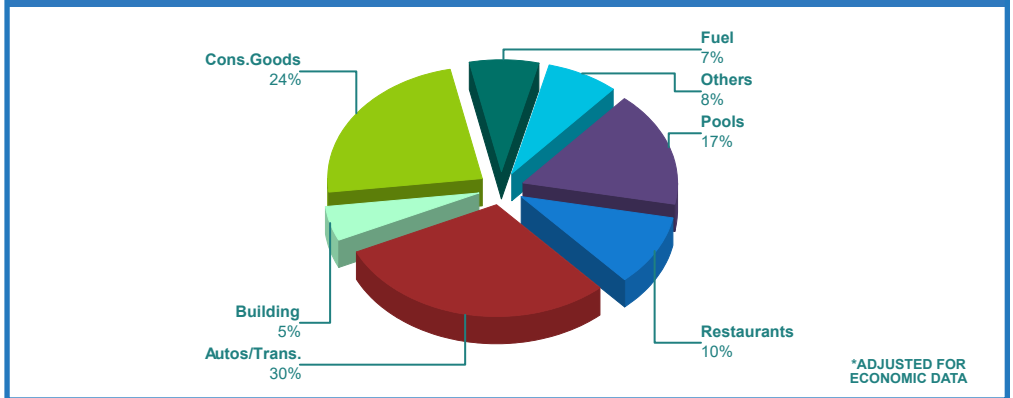
With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

Use taxes remitted via the countywide pools rose a scant 0.3%. While national ecommerce spending behaviors climbed upward again, expansion of more in-state fulfillment centers plus retailers using existing locations to deliver goods tied to online orders shifted taxes away from pools. The offsetting effect was these dollars being directed to local agency’s coffers where the goods resided. This evolving trend is anticipated to persistently weaken taxes coming from the pools in the near term.

Looking back, calendar year 2022 exhibited a 9.5% surge in tax receipts compared to 2021. Each of the eight major tax categories all reported greater returns. Most influential was inflation that drove up prices on everything from normal daily purchases to vehicles. Secondly, all-time peak global crude oil costs had fuel seller’s payments skyrocketing.

Heading into 2023, additional interest rate hikes along with consumer sentiment waning about the economy foretells minimal change coming from California’s taxable sales in the months ahead.

**REVENUE BY BUSINESS GROUP**  
Elk Grove This Calendar Year\*



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

| Elk Grove Business Type      | Q4 '22* | Change   | County Change | HdL State Change |
|------------------------------|---------|----------|---------------|------------------|
| New Motor Vehicle Dealers    | 2,304.0 | -1.5% ↓  | 7.5% ↑        | 12.5% ↑          |
| Electronics/Appliance Stores | 717.0   | 20.6% ↑  | 10.8% ↑       | 10.8% ↑          |
| Service Stations             | 661.9   | 6.9% ↑   | 7.5% ↑        | 7.6% ↑           |
| Casual Dining                | 538.2   | 10.0% ↑  | 8.1% ↑        | 8.1% ↑           |
| Quick-Service Restaurants    | 357.4   | 10.4% ↑  | 5.7% ↑        | 5.7% ↑           |
| Building Materials           | 261.7   | -1.3% ↓  | -2.3% ↓       | 2.1% ↑           |
| Grocery Stores               | 214.6   | 5.5% ↑   | 6.3% ↑        | 6.2% ↑           |
| Specialty Stores             | 195.7   | 8.5% ↑   | -3.8% ↓       | 2.2% ↑           |
| Family Apparel               | 164.6   | -11.8% ↓ | -7.5% ↓       | -1.0% ↓          |
| Fast-Casual Restaurants      | 109.1   | 1.5% ↑   | 7.5% ↑        | 6.6% ↑           |

\*Allocation aberrations have been adjusted to reflect sales activity      \*In thousands of dollars